

Message Text

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21-S

ACTION EA-06

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AMEMBASSY LONDON

S E C R E T SINGAPORE 1235

LIMDIS

FOR ASSISTANT SECRETARY HABIB

E.O. 11652: GDS

TAGS: MASS, SN

SUBJECT: IMPLEMENTATION OF COUNTERINSURGENCY COURSE

REF: SINGAPORE 1001 (NOTAL)

1. REFTEL REPORTED PRIME MINISTER'S AGREEMENT ON MARCH 2 TO PAY US\$225,000 FOR COUNTERINSURGENCY COURSE FOR SINGAPORE SENIOR MILITARY OFFICERS. HOWEVER, THE PRIME MINISTER ALSO MADE IT CLEAR HE WOULD RECOUP MONEY FROM THE U.S. IN OTHER WAYS; FOR EXAMPLE, BY CHARGING HIGHER PORT FEES FOR VISITS OF U.S. SHIPS.

2. THE NEXT DAY THE PERMSEC FOR MIN DEF, PANG TEE POW, WHO HAD BEEN PRESENT DURING MY MEETING WITH THE PRIME MINISTER ON THIS SUBJECT, SENT DATT A LETTER REFERRING TO THIS CONVERSATION. TO OUR SURPRISE, THE LETTER STATED THAT IN REGARD TO PAYMENT FOR THE SEMINAR THE PRIME MINISTER HAD INDICATED THIS WOULD BE A BOOK ENTRY TO THE CREDIT OF THE U.S. WHICH WOULD BE CHARGED OFF WHEN U.S. NAVAL SHIPS USED "OUR FACILITIES" AT BERTHS 6 AND 7 IN THE NAVAL BASIN.

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ON MY INSTRUCTION, DATT REPLIED ON MARCH 8 THAT THIS

DID NOT REPRESENT OUR UNDERSTANDING OF WHAT PRIME MINISTER HAD AGREED TO, THAT THIS PROCEDURE FOR PAYING THE COST OF THE COURSE COULD NOT BE ACCOMMODATED UNDER FMS PROCEDURES, AND THAT I WOULD BE GLAD TO DISCUSS THE MATTER FURTHER IF THE PRIME MINISTER SO DESIRED. AS RESULT OF ORAL COVERSACTIONS WITH PANG, DATT FELT THAT THERE WAS GOOD CHANCE THAT DR. GOH MIGHT HAVE BEEN UPSET BY THE PRIME MINISTER'S DECISION TO PAY FOR THE COURSE BECAUSE OF BUDGETARY PROBLEMS NEAR THE END OF THE SINGAPORE FISCAL YEAR (MARCH 31) AND HAD DEVISED THIS UNIQUE METHOD OF PAYMENT AS A WAY OF SOLVING THE PROBLEM. CONSEQUENTLY, I SENT THE PRIME MINISTER A LETTER ON MARCH 11 REFERRING TO OUR PREVIOUS COVERSACTION, REAFFIRMING OUR WILLINGNESS TO PROCEED WITH THE COURSE ON MAY 10 BUT NOTING THAT A MISUNDERSTANDING HAD DEVELOPED OVER THE METHOD BY WHICH SINGAPORE WOULD PAY FOR THE COUNTERINSURGENCY COURSE. I EXPLAINED IN SOME DETAIL OUR FMS PROCEDURES REQUIRED THAT AN AGREEMENT BE SIGNED BEFORE ACTUAL TRAINING COULD TAKE PLACE AND THAT CASH PAYMENT BE MADE WITHIN THE TERM OF THE AGREEMENT, A MAXIMUM OF 120 DAYS.

3. ON MARCH 12 I RECEIVED A REPLY FROM THE PRIME MINISTER STATING THAT I HAD CLEARLY ENUNCIATED OUR FISCAL PROCEDURES, AND THAT THEY WOULD MAKE THE CASH PAYMENTS WHEN DUE. HE ALSO REMINDED ME OF WHAT HE HAD SAID AT OUR MEETING ABOUT FINDING OTHER MEANS OF COVERING NOT ONLY THE COUNTERINSURGENCY COURSE COSTS BUT SUCH "OTHER MILITARY TRAINING WE MAY REQUIRE" (NOT RPT NOT MENTIONED IN THIS MEETING BUT EVIDENTLY ADDED AS THE IMPLICATIONS OF OUR NEW TRAINING COSTS SCHEDULE HAVE SUNK IN) BY CHARGING HARBOR AND WHARF FEES AND RENTAL FOR USE OF SINGAPORE FACILITIES " LIKE OIL TANKS" FOR VISITING U.S. NAVY SHIPS. HE CONFIRMED THE MAY 10 COMMENCEMENT DATE OF THE COUNTERINSURGENCY COURSE.

4. COMMENT: ALTHOUGH THIS EXCHANGE OF LETTERS HAS APPEARED TO HAVE CLEARED UP THE IMMEDIATE ISSUE OF THE COUNTERINSURGENCY COURSE, IT RAISES ANOTHER PROBLEM

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IN CONNECTION WITH VARIOUS TYPES OF PORT FEES FOR VISITING U.S. NAVY SHIPS. I HAVE NOT QUESTIONED ATTEMPT BY GOS TO RECOUP SOME OF HIGH COSTS OF U.S. MILITARY TRAINING IN SUCH A WAY SINCE THIS IS A MATTER WELL WITHIN ITS SOVEREIGNTY. INDEED, GIVEN THE STRIKINGLY HIGH COSTS NOT ONLY OF COUNTERINSURGENCY COURSE BUT OF OTHER U.S. COURSES ABOUT WHICH WE WERE RECENTLY INFORMED, SOME MOVE BY SINGAPORE TO GET ITS OWN BACK WAS

INEVITABLE. HOWEVER, TWO MAIN QUESTIONS ARE NOW GENERATED:
HOW HIGH WILL THE FEES BE, AND IN WHAT FORMS WILL THEY
BE ASSESSED? IF FEES APPEAR INORDINATELY HIGH, THEY MAY
RAISE POTENTIALLY SERIOUS BUDGETARY IMPLICATIONS FOR
VISITS BY SEVENTH FLEET SHIPS. REDUCTION IN PORT VISITS
BY U.S. NAVY SHIPS COULD HAVE SERIOUS IMPACT BOTH ON
SINGAPORE'S POLITICAL AND ECONOMIC INTERESTS (NOT TO
MENTION ADDING FURTHER COMPLICATIONS TO U.S.-SINGAPORE
RELATIONSHIPS).

5. PERHAPS OF EVEN GREATER CONCERN IS POSSIBILITY THAT
GOS MAY ATTEMPT TO ASSESS FEES FOR USE OF BERTHS 6 AND 7
AT SEMBAWANG AND CHARGE RENT FOR OIL TANKS AT SENOKO
FUEL TANK FARM FACILITY, WHICH IN TURN MIGHT CAUSE
THE BRITISH TO BACK OFF FROM THEIR WILLINGNESS TO UNDER-
TAKE RESPONSIBILITY OF MANAGING BERTHS 6 AND 7 AND THE
TANK FARM. I UNDERSTAND OUR NAVY HAS ALREADY CONCLUDED
AN AGREEMENT WITH THE ROYAL NAVY WITH RESPECT TO THIS
ARRANGEMENT, BUT THAT UK AND GOS HAVE NOT YET PUT THEIR
SIGNATURES TO IT. (THEY MUST DO SO BEFORE MARCH 31, THE
DAY WHEN ALL BRITISH FORCES ARE SCHEDULED TO BE WITH-
DRAWN FROM SINGAPORE.) THE BRITISH FIRMLY BELIEVE THAT
BERTHS 6 AND 7 AND THE FUEL TANK FARM ARE PART OF A
VAST COMPLEX OF FACILITIES, MOST OF WHICH THEY ARE
GIVING UP, AND THAT UK GOVERNMENT STILL RETAINS FULL
AND UNENCUMBERED USE OF THEM. THUS, UK MAY STRONGLY
RESIST ANY SUGGESTION BY GOS THAT IT CAN CHARGE RENTAL
FOR USE OF BERTHS 6 AND 7 OR FOR OIL TANKS AT FUEL FARM.
CONCEIVABLY UK MAY BACK OUT OF WHOLE ARRANGEMENT IF THE
GOS PRESSES ON THIS SCORE.

6. ON OTHER HAND, GOS HAS ALREADY AGREED IN PRINCIPLE
TO BRITISH CONTROL OF THESE LIMITED FACILITIES BECAUSE
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IT RECOGNIZES THAT BRITISH CONTROL SERVES TO INSULATE
SINGAPORE FROM CERTAIN POLITICAL PRESSURES THAT SOVIETS
OR ARABS MIGHT EXERT IN TIME OF CRISIS AGAINST USE
BY U.S. NAVY OR BERTHS 6 AND 7 AND TANK FARM. ON
THIS BASIS, UNLESS OTHERWISE DIRECTED, I WILL SEEK
EARLY MEETING WITH DEPUTY PRIME MINISTER AND DEFENSE
MINISTER GOH KENG SWEE TO REVIEW THIS MATTER AND
EXPLAIN WHY IT IS IN OUR RESPECTIVE INTERESTS THAT
BERTHS 6 AND 7 AND THE FUEL FARM BE EXEMPTED FROM ANY
FEES OR RENT. I WOULD ALSO POINT OUT DESIRABILITY
FROM GOS STAND POINT OF NOT CHARGING MORE FOR PORT AND
PILOT FEES, ETC., THAN THE TRAFFIC WILL BEAR. IN
MEANTIME, DATT WILL MAKE THE POINT ABOUT PORT AND
PILOT FEES WITH HIS OPPOSITE NUMBERS.
HOLDRIDGE

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NNN

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